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No. 08-1051

In The Supreme Court of the United States

INTERNATIONAL GAME TECHNOLOGY and IGT,
Petitioners,

v.

ARISTOCRAT TECHNOLOGIES AUSTRALIA PTY LIMITED and ARISTOCRAT TECHNOLOGIES, INC.,
Respondents.

On Petition for Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

BRIEF IN OPPOSITION

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QUESTIONS PRESENTED

The PTO granted respondents' petition to revive a patent application previously deemed abandoned for a late fee payment. The PTO revived the application based on a legal standard of "unintentional delay"—a standard expressly authorized by Congress in 1982 and consistently applied by the PTO since. Petitioners contend that the PTO should have applied a different legal standard—"unavoidable delay"—and that as a consequence, respondents' patent is invalid.

Section 282 of the Patent Act provides that a patent issued by the PTO "shall be presumed valid," and that "defenses" in any patent infringement action include "(2) invalidity of the patent or any claim in suit on any ground specified in part II of this title as a condition for patentability" and "(4) any other fact or act made a defense by this title." 35 U.S.C. § 282. The questions presented are:

1. Whether the Federal Circuit correctly determined that the PTO's revival of an abandoned patent application based on a legal standard of "unavoidable delay" is not a "condition of patentability" for purposes of Section 282(2).

2. Whether the Federal Circuit correctly determined that the PTO's revival of an abandoned patent application based on a legal standard of "unintentional delay" is not "made a defense by this title" for purposes of Section 282(4).

RULE 29.6 STATEMENT

Aristocrat Leisure Limited holds ten percent or more of the stock of respondents Aristocrat Technologies Australia Pty Limited and Aristocrat Technologies, Inc.

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STATUTES AND REGULATIONS:

35 U.S.C. § 41 ("Patent fees; patent and trademark search systems,") provides in pertinent part:

(a) The Director shall charge the following fees:

* * *

> (7) On filing each petition for the revival of an unintentionally abandoned application for a patent, for the unintentionally delayed payment of the fee for issuing each patent, or for an unintentionally delayed response by the patent owner in any reexamination proceeding, $1,210, unless the petition is filed under section 133 or 151 of this title, in which case the fee shall be $110.

35 U.S.C. § 282, "Presumption of validity; defenses," provides in pertinent part:

A patent shall be presumed valid. * * * The burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting such invalidity.

The following shall be defenses in any action involving the validity or infringement of a patent and shall be pleaded:

(1) Noninfringement, absence of liability for infringement or unenforceability,

(2) Invalidity of the patent or any claim in suit on any ground specified in part II of this title as a condition for patentability,

(3) Invalidity of the patent or any claim in suit for failure to comply with any requirement of sections 112 or 251 of this title,

(4) Any other fact or act made a defense by this title.

* * *

Invalidity of the extension of a patent term or any portion thereof under section 154(b) or 156 of this title because of the material failure–

(1) by the applicant for the extension, or

(2) by the Director,

to comply with the requirements of such section shall be a defense in any action involving the infringement of a patent during the period of the extension of its term and shall be pleaded. A due diligence determination under section 156(d)(2) is not subject to review in such an action.

37 C.F.R. 1.137, "Revival of abandoned application, terminated or limited reexamination prosecution, or lapsed patent," provides in pertinent part:

(b) *Unintentional.* If the delay in reply by applicant or patent owner was unintentional, a petition may be filed pursuant to this paragraph to revive an abandoned application, a reexamination prosecution terminated under §§ 1.550(d) or 1.957(b) or limited under § 1.957(c), or a lapsed patent. A grantable petition pursuant to this paragraph must be accompanied by:

> (1) The reply required to the outstanding Office action or notice, unless previously filed;
>
> (2) The petition fee as set forth in § 1.17(m);
>
> (3) A statement that the entire delay in filing the required reply from the due date for the reply until the filing of a grantable petition pursuant to this paragraph was unintentional. The Director may require additional information where there is a question whether the delay was unintentional; and
>
> (4) Any terminal disclaimer (and fee as set forth in § 1.20(d)) required pursuant to paragraph (d) of this section.

STATEMENT OF THE CASE

1. Respondents (collectively "Aristocrat") are Australian companies. Aristocrat originally filed provisional applications for an Australian patent for gaming technology in 1997. In 1998, Aristocrat filed a Paris Cooperation Treaty application, claiming priority to the provisional Australian application. Under the Treaty, Aristocrat could gain international priority rights, including priority rights in the United States, with such priority traced back to its original Australian application. To perfect its application for the United States under the Treaty, Aristocrat was required to pay a fee to the United States Patent and Trademark Office ("the PTO") by January 10, 2000. The PTO received Aristocrat's fee payment on January 11, 2000—one day late.

The PTO issued a "notice of abandonment" of the patent application to Aristocrat based on the untimely fee payment. The PTO advised that Aristocrat could elect to file a petition to revive its application under 37 C.F.R. § 1.137(a), which allows revival where the abandonment is "unavoidable," or 37 C.F.R. § 1.137(b), which allows revival when the abandonment is "unintentional." After an unsuccessful effort to correct the "date in" of its application, Aristocrat filed a petition to revive the patent application under 37 C.F.R. § 1.137(b), stating that the delay in paying the filing fee was "unintentional." On September 3, 2002, the PTO granted the petition.

Aristocrat resumed prosecution on the merits and the PTO issued U.S. Patent No. 7,056,215 ("the '215 patent") in June 2006. The PTO issued a patent based upon a continuation application of the '215 patent, U.S. Patent No. 7,108,603 ("the '603 patent"), in September 2006.

2. Aristocrat brought this action against IGT in the Northern District of California, alleging infringement of the '215 patent and '603 patent. IGT moved for summary judgment based on "improper revival," arguing that the PTO had revived Aristocrat's application under the wrong statutory standard—"unintentional" rather than "unavoidable" delay. Specifically, IGT argued that the '215 patent was invalid because 35 U.S.C. §§ 371(d) and 133 require a showing that the delay was "unavoidable" in order to revive an abandoned patent, and that the PTO violated these provisions by granting revival of the patent application based on Aristocrat's showing of "unintentional delay."[1]

In response to IGT's motion for summary judgment, Aristocrat argued that (1) under the Administrative Procedure Act ("APA") the district court could not review the PTO's decision to revive the application for the '215 patent; (2) even if judicial review of the PTO's revival decision were

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[1] IGT also argued that the '603 patent in turn is invalid under 35 U.S.C. § 102(b) if the '215 patent is invalid, a point not in dispute. Hence, the litigation in both the district court and the Federal Circuit focused on the revival of the '215 patent application.

permissible, the revival was proper under 35 U.S.C. § 41(a)(7), which was the source of the PTO's "unintentional delay" standard; and (3) even if the revival was otherwise improper, it was not a cognizable defense under 35 U.S.C. § 282, which specifies the grounds upon which a patent may be declared invalid under the Patent Act in an infringement action.

The district court rejected all three of Aristocrat's arguments, holding (1) that the APA permitted judicial review of the PTO's revival decision, Pet. App. 45a-47a; (2) that the PTO's revival decision on the basis of the "unintentional delay" standard in 37 C.F.R. § 1.137(b) violated Sections 371(d) and 133 of the Patent Act, Pet. App. 31a-37a, 47a-57a, and was not authorized by 35 U.S.C. § 41(a)(7), Pet. App. 37a-41a; and (3) that "improper revival" constitutes a defense to infringement under Section 282(2) and (4). Pet. App. 41a-45a.

3. Aristocrat appealed to the Federal Circuit, where the parties' briefing focused on the three issues considered by the district court: (1) whether the APA allows for judicial review of the PTO's revival decision; (2) if such judicial review is permitted, whether the PTO's revival decision was authorized by 35 U.S.C. § 41(a)(7); and (3) even if the PTO's revival decision was both reviewable and improper, whether "improper revival" is a defense under Section 282(2) and (4). As discussed further below, IGT did not argue that "improper revival" is

a cognizable defense to infringement outside of the context of Section 282.

The PTO supplemented the parties' briefing with a thirty-one page *amicus curiae* brief urging the court of appeals to reverse the district court's decision. The PTO argued that Section 41(a)(7) of the Patent Act authorized it to promulgate an "unintentional delay" standard for petitions to revive an abandoned patent application, PTO *Amicus Curiae* C.A. Br. 10-21, and that the district court failed to give reasonable deference to the PTO's interpretation of the statute, *id.* at 25-32. The PTO further noted that in the twenty-five years since the enactment of Section 41(a)(7), the PTO had revived approximately 73,000 unintentionally abandoned patent applications, and of these, about 56% had ultimately issued as patents. *Id.* at 2. The PTO observed that the district court decision, if upheld by the Federal Circuit, would potentially invalidate tens of thousands of patents. *Id.* Accordingly, the PTO argued that it has "a strong interest in defending its interpretation of its governing statute . . . upon which a generation of patent applicants have relied." *Id.*

After argument, the Federal Circuit unanimously reversed, concluding that "'improper revival may not be raised as a defense in an action involving the validity or infringement of a patent.'" Pet. App. 5a. "Improper revival" falls into neither Section 282(2) nor (4) of the Patent Act, the Federal Circuit reasoned. The propriety of revival falls

outside of Section 282(2), because it does not constitute a "condition for patentability" as codified by Title 35 and interpreted by this Court in *Graham v. John Deere Co.*, 383 U.S. 1 (1966). Pet. App. 7a. The Federal Circuit explained: "It has long been understood that the Patent Act sets out the conditions for patentability in three sections: sections 101, 102, and 103." Pet. App. 7a. While there exist other requirements for a valid, enforceable patent, only Sections 101, 102, and 103 constitute so-called "conditions for patentability." Pet. App. 7a. The propriety of an application's revival by the PTO is not among those conditions. Pet. App. 8a.

The Federal Circuit further held that "improper revival" does not fit into Section 282(4) and that the district court's contrary finding overlooked "the fundamental requirement of the subsection—namely, that the act or fact is '*made*' a defense by the title." Pet. App. 8a (emphasis added). Omitting that requirement, the Federal Circuit reasoned, would render Section 282(1), (2), and (3) superfluous. "If, as IGT suggests, Congress truly intended to permit any provision of title 35 to constitute a defense in an action involving the validity or infringement of a patent, it could have simply said, in one paragraph rather than four, that a defense lies in 'any section of this title.'" Pet. App. 8a-9a.

"The salient question, then, is whether improper revival is 'made a defense' by title 35. We think that it is not." Pet. App. 9a. The Federal

Circuit found that Sections 371 and 133, unlike certain other provisions in the Patent Act, bear no sign of Congress's intent to create a defense of invalidity or noninfringement, Pet. App. 9a, discussing, among other provisions, 35 U.S.C. § 273 ("It shall be a defense to an action for infringement under section 271 of this title."); 35 U.S.C. § 185 ("A United States patent issued to such person . . . shall be invalid."). Rather than signal Congress's intent to provide a *defense* to accused infringers, the Federal Circuit explained, Sections 371 and 133 "merely spell out under what circumstances a patent application is deemed abandoned during prosecution and under what that circumstances it may be revived." Pet. App. 9a-10a.

Having rejected IGT's arguments that "improper revival" is a defense under Section 282(4), the Federal Circuit stated its holding: "Because the proper revival of an abandoned application is neither a fact or act made a defense by title 35 nor a ground specified in part II of title 35 as a condition of patentability, we hold that improper revival may not be asserted as a defense in an action involving the validity or infringement of a patent." Pet. App. 10a.

The Federal Circuit noted that its holding that "improper revival" is not a defense under Section 282 comports with the principle that "'procedural lapses during examination, should they occur, do not provide grounds of invalidity.'" Pet. App. 10a (quoting *Magnavision, Inc. v. Bonneau Co.*, 115 F.3d 956, 960 (Fed. Cir. 1997)). The Federal

Circuit emphasized that "there is good reason not to permit procedural irregularities" during a patent prosecution to provide a basis for invalidity. Pet. App. 10a-11a. Once a patent issues, "procedural minutiae of prosecution have little relevance to the metes and bounds of the patentee's right to exclude." Pet. App. 11a. "If any prosecution irregularity or procedural lapse, however minor, became grist for a later assertion of invalidity," the Federal Circuit warned, "accused infringers would inundate the courts with arguments relating to every minor transgression they could comb from the file wrapper." Pet. App. 11a.[2]

The Federal Circuit also observed, in dicta, that "Section 282 is not the only source of the defenses in the Patent Act," and that the Federal Circuit has "held, on occasion, that a provision of the Patent Act not falling within the literal scope of section

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[2] The Federal Circuit stressed, however, that where the procedural irregularity in a patent's prosecution involved affirmative misrepresentations of material fact or failure to disclose material information, coupled with intent to deceive, "it may rise to the level of inequitable conduct and is redressible under that standard." Pet. App. 11a. The Federal Circuit also noted that while it rejected "prosecution irregularities" as an invalidity defense, the quite distinct defense of "prosecution laches" remains available. Pet. App. 10a-11a n.4. Under that equitable defense, an "unreasonable and unexplained delay in prosecution" might render the patent unenforceable. *Id.* (citation and internal quotation marks omitted). As discussed further below, IGT has asserted both of these equitable defenses—inequitable conduct and prosecution laches—on remand in the district court's ongoing proceedings.

282 may nevertheless provide a defense of noninfringement or invalidity." Pet. App. 12a. As an example, the Federal Circuit cited *Quantum Corp. v. Rodime, PLC*, 65 F.3d 1577, 1584 (Fed. Cir. 1995), which held that "a patentee who improperly enlarged the scope of its claims during reexamination, in violation of 35 U.S.C. § 305, subjected himself to a defense of invalidity, because any other result would render the prohibition against broadening claims in section 305 meaningless." Pet. App. 12a (brackets and internal quotation marks omitted). The Federal Circuit further explained that "none of the considerations that led us to the rule enunciated in *Quantum* compels a similar result here." Pet. App. 13a. The primary concern in *Quantum* was that a failure to impose invalidity for violation of the statute would encourage noncompliance. Pet. App. 13a. "That concern is not present here, as we discern no legitimate incentive for a patent applicant to intentionally abandon its application, must less to attempt to persuade the PTO to improperly revive it." Pet. App. 13a. Because the patent term runs from the application date, rather than issuance, abandoning the application would "only serve to shorten the applicant's right to exclude." Pet. App. 13a.

Finally, the Federal Circuit rejected as "unpersuasive" IGT's argument that the PTO's revival decision is subject to judicial review. Pet. App. 13a. Although only briefly addressed at the conclusion of the Federal Circuit opinion, this antecedent issue constitutes an independent

ground for the decision because if the PTO's revival decision is not subject to judicial review, then the district court could not have found the PTO's revival decision improper. Consistent with its apparent view that the PTO's revival decisions are not judicially reviewable, the Federal Circuit did not reach the issue whether the Patent Act permits the PTO to revive patent applications on the basis of a standard of unintentional delay. Pet. App. 5a n.2.

Having concluded that "improper revival" is not a defense under Section 282, and that in any event the PTO's revival decisions are not subject to judicial review, the Federal Circuit reversed and "remanded for proceedings consistent with this opinion." Pet. App. 15a.

IGT petitioned for panel rehearing and rehearing en banc, which the court of appeals denied without dissent.

4. On remand from the Federal Circuit, proceedings have resumed in the district court, and the parties have jointly proposed a case schedule that includes a trial commencing, at the latest, on November 30, 2009. Under the proposed schedule, IGT's pending motions for summary judgment based on prosecution laches and non-infringement will be heard in June or July 2009. In addition, IGT has proposed a bench trial on inequitable conduct in June 2009.

REASONS FOR DENYING THE WRIT

I. THE PETITION IS A DEFECTIVE VEHICLE

IGT's petition is a defective vehicle for reaching the purported question presented. First, the decision of the Federal Circuit rests on alternative grounds, such that this Court's review of the question presented can not affect the outcome of this case. Second, the interlocutory nature of the Federal Circuit decision warrants denial of the petition, because ongoing proceedings in the district court may moot the question presented. Third, the question presented impermissibly expands the scope of issues actually raised before the Federal Circuit. Finally, the decision below can be sustained on additional alternative grounds that were not considered by the Federal Circuit.

A. Review by This Court of IGT's Question Presented Can Not Affect the Outcome of This Case Because the Federal Circuit Decision Rests on Alternative Grounds

Aristocrat argued in the Federal Circuit that the PTO's grant of revival of the '215 patent application is not subject to judicial view under the Administrative Procedure Act. *See* Aristocrat C.A. Br. 23-24. The heading for this argument was "The District Court Erred By Finding The PTO's Grant of Revival Subject To Review Under The Administrative Procedure Act." *Id.* at 23. IGT in

response argued that "[t]he PTO's revival decisions are not exempt from judicial review." IGT C.A. Br. 27, reprinted at Br. Opp'n App. 1a. (The full text of the APA argument from IGT's C.A. Brief is reproduced in the attached appendix at 1b-3b.)

The issue—whether the APA foreclosed judicial review of the PTO's revival decision in this case—having been squarely joined, the Federal Circuit addressed it and expressly rejected IGT's argument: "We have considered IGT's arguments attempting to bolster the district court's decision under the APA, but we find them unpersuasive. Under the circumstances of this case, the APA provides no relief to IGT." Pet. App. 13a. The Federal Circuit's rejection of IGT's arguments, and its statement that the "APA provides no relief to IGT," means that the Federal Circuit concluded that the APA does not provide for judicial review of the PTO's revival decision in this case.

IGT does not seek review in this Court of the Federal Circuit's determination that the PTO's revival decision is not judicially reviewable. For that reason, even if this Court were to review and reverse the Federal Circuit's decision that an "improper revival" is a defense for purposes of Section 282(2) and (4), it would not affect the outcome of this case, because the Federal Circuit's decision that the APA forecloses judicial review of the PTO's allegedly "improper revival" of the '215 patent would still stand—and with it the Federal Circuit's reversal of the district court's summary judgment in favor of IGT.

B. Ongoing District Court Proceedings on Remand May Moot the Question Presented

The Federal Circuit's decision is interlocutory rather than final because it reversed the district court's summary judgment in favor of petitioners and remanded for further proceedings, including a trial on the merits. The question presented is therefore not ripe for review. *Cf. Bhd. of Locomotive Firemen v. Bangor & Aroostook R.R.*, 389 U.S. 327, 328 (1967) (per curiam) (denying certiorari "because the Court of Appeals remanded the case," making it "not yet ripe for review by this Court"). As this Court recognized long ago, "many orders made in the progress of a suit become quite unimportant by reason of the final result, or of intervening matters." *Am. Constr. Co. v. Jacksonville, T. & K.W. Ry.*, 148 U.S. 372, 384 (1893).

If the district court grants either of IGT's pending motions for summary judgment, that will moot the question presented. Even if those motions are denied, the question presented could be mooted by a district court finding of inequitable conduct on the part of Aristocrat, which would render the patents unenforceable, or by a jury verdict of noninfringement when the case goes to trial in November 2009. And even if the jury returns a verdict of infringement, that might still be set aside by the district court on a post-judgment motion, or by the Federal Circuit on appellate review of the

district court's denial of IGT's post-judgment motions.

If IGT's pending motions for summary judgment are denied, *if* the district court rejects IGT's defense of inequitable conduct, *if* the jury returns a verdict of infringement, and *if* the district court denies IGT's post-judgment motions, IGT may seek review of the final judgment in the Federal Circuit, and, *if* unsuccessful in that court, ultimately, file a new petition for a writ of certiorari based on that judgment, raising the question presented in its current, premature petition. IGT presents no reason for this Court to assert its certiorari jurisdiction at this intermediate stage of the proceedings, when any number of events in the district court or the Federal Circuit may render review by this Court entirely unnecessary.

C. IGT's Question Presented Is Broader Than the Section 282 Issue Raised by IGT Below and Addressed in the Federal Circuit's Holding

Before the Federal Circuit, IGT argued that "improper revival" is an available invalidity defense under Section 282(2) and (4). *See* IGT C.A. Br. 18-23. IGT did not argue that "improper revival" is an available defense *independent* of Section 282. Accordingly, the Federal Circuit's holding is limited to IGT's arguments, which were based exclusively on Section 282(2) and (4). *See* Pet. App. 10a. ("Because the proper revival of an abandoned

application is neither a fact or act made a defense by title 35 nor a ground specified in part II of title 35 as a condition of patentability, we hold that improper revival may not be asserted as a defense in an action involving the validity or infringement of a patent.").

IGT's question presented to this Court, however, conspicuously omits any reference to Section 282: "Whether a patent infringement defendant may assert a defense that the patent resulted from an abandoned application that was not revived under the statutory standard." Pet. i. In so formulating the question presented, IGT has attempted to elide the textual features of Section 282 that are the basis for the Federal Circuit's holding. Thus, while IGT repeats the arguments that it made below—that "improper revival" is an available invalidity defense under Section 282(2) and 282(4), *see* Pet. 9-15 (point headings I.A and I.B)—IGT makes the additional (and new) argument under point heading I.C (Pet. 15-17) that "[t]he Federal Circuit failed to recognize that §§ 371(d) and 133 themselves provide an invalidity defense to an infringement claim by requiring a showing of unavoidable delay to avoid abandonment for failure to meet statutory deadlines." Pet. 15.

As explained above, the textual features of Section 282(2) and (4) are critical to the Federal Circuit's actual holding. IGT cannot now raise the invalidity defense of "improper revival" that is untethered to Section 282(2) and (4) when it did not

raise the issue below. Because IGT's question presented is not grounded in Section 282, and because IGT's petition correspondingly argues that its defense of "improper revival" can be considered *independent* of Section 282, IGT seeks to raise an issue that it did not raise below, and that is outside the scope of the holding of the Federal Circuit.

D. The Decision Below Can Be Sustained on Additional Alternative Grounds Not Considered by the Federal Circuit

Even if the decision below did not rest on alternative grounds, there would be no need for this Court to decide the question presented because the decision below can be sustained on the basis of additional alternative grounds not reached by the Federal Circuit: that 35 U.S.C. § 41(a)(7) authorizes the PTO to revive patent applications under a standard of "unintentional delay." Because Section 41(a)(7) authorized the PTO's revival of Aristocrat's patent application, IGT's question presented—which assumes that the PTO's quarter-century old regulation interpreting Section 41(a)(7) is invalid—is entirely academic.

In its *amicus curiae* brief in the court of appeals, the PTO explained why Section 41(a)(7) authorizes it to revive patent applications under a standard of "unintentional delay." Prior to 1982, the only way that an abandoned patent application could be revived was to satisfy a statutory standard of "unavoidable" delay reflected in 35 U.S.C. §§ 133

and 151. PTO *Amicus Curiae* C.A. Br. 4. In 1982, Congress amended the Patent Act to provide for an alternative standard for revival: "unintentional delay." Congress did so by amending 35 U.S.C. § 41(a)(7), which as amended provided for a high fee for revival petitions based on "unintentional delay," and a significantly (by a factor of ten) lower fee for revival petitions based on Sections 133 or 151 of the Patent Act, which employ a standard of "unavoidable delay." *See* PTO *Amicus Curiae* C.A. Br. 5. As updated to reflect fee increases, Section 41(a)(7) provides:

> (a) The Director shall charge the following fees:
>
> * * *
>
> (7) On filing each petition for the revival of an unintentionally abandoned application for a patent, for the unintentionally delayed payment of the fee for issuing each patent, or for an unintentionally delayed response by the patent owner in any reexamination proceeding, $1,210, unless the petition is filed under section 133 or 151 of this title, in which case the fee shall be $110.

35 U.S.C. § 41(a)(7).

The relevant legislative history confirms that in the 1982 amendment to Section 41(a)(7), Congress established an alternative standard for patent application revivals:

> "Section 41(a)(7) establishes two different fees for filing petitions with different standards to revive abandoned patent applications. The same two fees are applicable to petitions to accept the delayed payment of the fee for issuing a patent. The fees set forth in this section are due on filing the petition. *Since the section provides for two alternative fees with different standards, the section would permit the applicant seeking revival or acceptance of a delayed payment of the fee for issuing a patent to choose one or the other of the fees and standards under such regulations as the Commissioner may established.*"

PTO *Amicus Curiae* C.A. Br. 14 (quoting H.R. Rep. No. 97-542, at 6-7 (1982)) (emphasis added).

Shortly after the 1982 amendment to Section 41(a)(7), the PTO promulgated 37 C.F.R. § 1.137. *See* 47 Fed. Reg. 41,272, 41,277-81 (Sept. 17, 1982). The regulation, which remains in force today, "precisely mirrors" the alternative standards established in Section 41(a)(7). PTO *Amicus Curiae* C.A. Br. 16.

In notice-and-comment rulemaking preceding PTO's promulgation of 37 C.F.R. § 1.137, a commenter "questioned whether the [PTO] has statutory authority to revive unintentionally abandoned applications." The PTO replied:

> If Congress did not intend the [PTO] to have such authority there would have been no reason to establish fees in Section 41(a)7 in H.R. 6260. The legislative history of H.R. 6260, House Report No. 97-542 (Committee on the Judiciary), also makes the Congressional intent clear. The provisions in H.R. 6260 relating to unintentional abandonment are substantive in addition to setting the fee.

47 Fed. Reg. 33,086, 33,094 (July 30, 1982).

As the PTO further explained in the court of appeals below, Section 41(a)(7) plainly authorizes the PTO's "unintentional delay" standard in 37 C.F.R. § 1.317:

> [Section] 47(a)(7) clearly authorizes the USPTO to permit the revival of unintentionally abandoned patent applications, whether abandoned for failing to meet the requirements of § 133 or § 371(d). The plain language of § 41(a)(7) shows that it has a two alternative structure: (1) a first alternative, which provides for the revival of patent applications under the unintentional delay standard; and (2) a second alternative which provides for the revival of patent applications under the unavoidable delay standard. This interpretation is supported

> by the fact that, when it enacted § 41(a)(7), Congress expressly stated that it was establishing "two different fees" for administering two "different standards," and that a petitioner could "choose" between these standards. There were no other provisions in Title 35 that permitted the revival of unintentionally abandoned patent applications when § 41(a)(7) was enacted in 1982. Accordingly, if § 41(a)(7) were as limited as the District Court held, then Congress was establishing a fee for a petition on which the USPTO had no authority to act. Instead, § 41(a)(7) authorized the alternative of revival for unintentional delay.

PTO *Amicus Curiae* C.A. Br. 8-9.[3] Finally, the PTO also noted that to the extent "any ambiguities or gaps" exist between Section 41(a)(7) and the other provisions of Title 35, "the PTO's reasonable and contemporaneous interpretation of its governing statute is entitled to *Chevron* deference." *Id.* at 9.

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[3] The leading treatise on Patent Law supports the PTO's reading of Section 41(a)(7). *See* 4 Donald S. Chisum, *Chisum on Patents* § 11.02[1][d][ii], at 11-67 (2005) (citing § 41(a)(7)) ("The 1982 statute granted greater authority to the Commissioner to revive abandoned applications. The statute and implementing rules provide a fee . . . for petitions to revive applications abandoned 'unintentionally' and a lower fee . . . for petitions to revive applications abandoned 'unavoidably.'").

Moreover, Congress has expressly ratified the PTO's interpretation of Section 41(a)(7). In 1999, Congress amended Section 41(a)(7) to reverse a PTO decision that prohibited a party from invoking Section 41(a)(7) in reexamination proceedings. In doing so, it ratified the PTO's interpretation of Section 41(a)(7) as authorizing it to revive patent applications deemed abandoned by late fee payments on the basis of a standard of "unintentional delay."

In *In re Katrapat Ag*, 6 U.S.P.Q.2d 1863, 1988 WL 252497 (Comm'r Pat. & Trademarks 1988), the PTO was asked to revive a patent abandoned because of delayed response by a patent owner in a reexamination proceeding. The PTO determined that it could only revive a patent abandoned during reexamination if the patent owner could establish "unavoidable" delay under Section 133 (the statutory provision Section 305, governing reexaminations, incorporated by reference). *Id.* at *5-*6. The PTO did *not* question that Section 41(a)(7) was a substantive grant of authority to revive abandonments otherwise governed by Section 133. Instead, it held that a patent owner could not rely on Section 41(a)(7) to revive for an unintentional abandonment in a reexamination proceeding because Section 41(a)(7) by its terms only applied to abandonment during the application process or for failure to pay the issuance fee. *Id.* at *6; *see also In re Egbers*, 6 U.S.P.Q.2d 1869, 1871, 1988 WL 252498, at *3 (Comm'r Pat. & Trademarks 1988) ("A terminated reexamination proceeding" may not be revived "for

'unintentional' delay under § 41(a)(7)."); *Manual for Patent Examining Procedures* ("M.P.E.P.") § 2268, at 2200-66 (6th ed., 3rd rev., July 1997) (petition to revive in reexamination proceedings may be granted only by showing unavoidable abandonment as described in *Katrapat*).

In 1999, Congress overruled *Katrapat* by amending Section 41(a)(7) to add "an unintentionally delayed response by the patent owner in any reexamination proceeding" as a circumstance in which a petition for revival could be filed. District of Columbia Appropriations Act, Pub. L. No. 106-113, § 1000(a)(9) & App. I (§ 4605(a)), 113 Stat. 1501, 1536, 1501A-570 (1999). Congress made clear that it intended its amendment to authorize the PTO to revive unintentionally abandoned reexamination proceedings. It explained that the statutory provision

> amends 35 U.S.C. § 41(a)(7) to provide the authority for the Director to accept the filing of an unintentionally delayed response by the patent owner in a reexamination proceeding and for charging a fee for such filing.

H.R. Rep. No. 105-39, at 80 (1997) (emphasis

added).[4]

By expanding an existing provision that had a settled, and indeed unquestioned, administrative interpretation, Congress's conduct can be understood as nothing but legislative ratification of the agency's view. "Where, as here, 'Congress has not just kept its silence by refusing to overturn the administrative construction, but has ratified it with positive legislation,' we cannot but deem that construction virtually conclusive." *CFTC v. Schor*, 478 U.S. 833, 846 (1986).

In sum, IGT's question presented is of practical significance *only* if the PTO's interpretation of Section 41(a)(7) reflected in 37 C.F.R. § 1.317 is both wrong and not entitled to any deference. That is to say, any decision by this Court reversing the Federal Circuit on the question presented would be of no significance—to the parties or anyone else—*unless* the Federal Circuit on remand, or this Court on subsequent review, were to hold that the PTO's interpretation of Section 41(a)(7) in 37 C.F.R. § 1.317(b) is both wrong and not entitled to any deference. Because the PTO's interpretation is both correct and entitled to deference, and because

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[4] In response to this statutory amendment, the PTO amended both Section 1.137 and the M.P.E.P. to make clear that the unintentional abandonment standard applies to petitions to revive abandonments occurring in reexamination proceedings. *See* 65 Fed. Reg. 57,024, 57,034 (Sept. 20, 2000); M.P.E.P. § 268, at 2200-124 to -125 (8th ed., 7th rev., July 2008) (adding discussion of unintentional abandonment for reexaminations based on revisions to 37 C.F.R. § 1.137).

Congress has expressly ratified that interpretation, the decision below can be sustained on that alternative ground and IGT's question presented is of only hypothetical interest.

II. "IMPROPER REVIVAL" IS NOT AN INVALIDITY DEFENSE UNDER SECTION 282 OR OTHERWISE

The Federal Circuit correctly held that "improper revival" is not a defense under Section 282(2) and (4). And contrary to IGT's newly-raised argument, "improper revival" is not a defense outside of the context of Section 282.

A. "Proper Revival" Is Not a "Condition for Patentability" Under Section 282(2)

Section 282 authorizes an invalidity defense "on any ground specified in part II of this title as a condition for patentability." 35 U.S.C. § 282(2). Thus, to fall within Section 282(2), a purported invalidity defense must be: (1) "in part II" of Title 35; and (2) "a condition for patentability." The Federal Circuit correctly held that compliance with Section 133 does not constitute a "condition for patentability" as defined by the Patent Act and interpreted by this Court in *Graham*, 383 U.S. 1.

As the Federal Circuit observed, "[i]t has long been understood that the Patent Act sets out the conditions for patentability in three sections: sections 101, 102, and 103." Pet. App. 7a (citing

Graham, 383 U.S. at 12). In a novel spin on *Graham*, IGT asserts that "while *Graham* states that novelty, utility, and nonobviousness are conditions for patentability, that does not mean they are the only such conditions." Pet. 13 (emphasis in the original). Indeed, it does. Both the language and context of the *Graham* decision make clear that the phrase "condition for patentability encompasses only Sections 101, 102, and 103, and no more. In view of IGT's remarkable characterization of *Graham*, the relevant passages bear quoting in full:

> After a lapse of 15 years, the Court again focuses its attention on the *patentability* of inventions under the standard of Art. I, § 8, cl. 8, of the Constitution and under the conditions prescribed by the laws of the United States. Since our last expression on patent validity, the Congress has for the first time expressly added a *third* statutory dimension to the two requirements of novelty and utility that had been the *sole* statutory test since the Patent Act of 1793.
>
> * * *
>
> *The Act sets out the conditions of patentability in three sections.* An analysis of the structure of *these three sections* indicates that *patentability is dependent upon three explicit conditions*: novelty and utility as articulated and defined in § 101 and § 102, and nonobviousness, the new statutory formulation, as set out in § 103.

* * *

> While the ultimate question of patent validity is one of law, *the § 103 condition, which is but one of three conditions, each of which must be satisfied,* lends itself to several basic factual inquiries.

383 U.S. at 3, 12, 17 (citations omitted and emphases added). Although IGT relies upon *Graham's* statement that "[a]pparently Congress agreed with Jefferson . . . that the courts should develop additional conditions for patentability," *id.* at 10, *see* Pet. 13, the only "additional condition[ ]" that courts developed between 1790 and today was nonobviousness, which Congress codified in Section 103 in 1950.

IGT further argues that the Federal Circuit itself has recognized conditions for patentability beyond those enumerated in *Graham*. IGT points (Pet. 13) to the Federal Circuit's statement that Section 101 of the Patent Act requires not only utility, but that the "invention be directed to patentable subject matter." Pet. App. 7a n.3. *Graham's* reference to utility under Section 101 can only be understood as a shorthand reference to both requirements of Section 101. Similarly, IGT points to the stray remark in *Figueroa v. United States*, 466 F.3d 1023 (Fed. Cir. 2006), that "[f]ees have been an accepted condition of patentability since the first patent statute was enacted in 1790." *Id.* at 1031. *Figueroa* merely involved the power of the PTO to set fees and did not involve a question of invalidity under Section 282.

IGT goes to considerable lengths (Pet. 14) to muddle the boundary, recognized by the Federal Circuit below, between "conditions of patentability," as used both by Congress and the courts, and "requirements for obtaining a valid patent." Pet. App. 7a-8a. As the Federal Circuit explained, the Patent Act clearly distinguishes between conditions for *patentability* and other requirements for obtaining the patent grant. *See* Pet. App. 7a (discussing the titles of Chapter 10 and Sections 101-103); *see also* Title 35, Part II ("Patentability of Inventions and Grant of Patents"). Section 282 makes similar distinctions. The Federal Circuit correctly observed that Section 282 "draws a distinction between invalidity based 'on any ground specified in part II of this title as a condition for patentability,' 35 U.S.C. § 282(2), and invalidity 'for failure to comply with any requirement of sections 112 or 251,' 35 U.S.C. § 282(3)." Pet. App. 8a (citing *Sextant Avionique, S.A. v. Analog Devices, Inc.*, 172 F.3d 817, 829 (Fed. Cir. 1999)). Reading "condition for patentability" in Section 282(2) to encompass all requirements for obtaining a patent, would render subsection 3 of Section 282 superfluous. Multiple provisions in Section 112 adequate description, enablement, definiteness bear on *every* patent application. Those general requirements for obtaining a patent are specifically called out in Section 282(3), and thus expressly excluded from Section 282(2). The structure of Section 282 thus confirms that "conditions of patentability" for purposes of Section 282(2) cannot encompass *every* prerequisite for a valid patent.

As IGT would have it, a "condition for patentability" simply means any requirement specified in part II of Title 35. Accordingly, IGT argues, failure to comply with any such prerequisite—no matter what—creates an invalidity defense during litigation. IGT's untenable position conflates "patentability" with patent grant. The two are distinct, as the Federal Circuit correctly determined.

B. "Improper Revival" Is Not "Made a Defense" Within the Meaning of 35 U.S.C. § 282(4)

IGT's argument with respect to Section 282(4) hinges on the term "shall" in Sections 371(d) and 133. IGT insists by including "shall" in Section 371(d)—"shall be regarded as abandonment"—Congress somehow made "improper revival" a defense to infringement in Section 282(4). Pet. 9-10. To be sure, "shall" signals the language of command (*see Escoe v. Zerbst*, 295 U.S. 490, 493 (1935)), but not the command that IGT proposes. The plain language of Section 371(d), as well as Section 133, indicates that an application will be deemed *abandoned* for failure to comply with the requirements of those provisions. That an application "shall be regarded as abandoned," however, does not mean that the resulting abandonment is "made a defense by this title" for purposes of Section 282(4)

IGT makes no attempt to refute the Federal Circuit's careful textual analysis of Section 282(4). The Federal Circuit concluded that "improper revival" is not "made a defense" by Title 35 for two reasons. First, IGT's argument that any violation of Title 35 is "made a defense" for purposes of Section 282(4) would render Section 282(1) through (3) surplusage. Pet. App. 8a-9a. Second, "Congress made it clear in various provisions of [Title 35] when it intended to create a defense of invalidity or noninfringement, but indicated no such intention in the statutes pertaining to revival of abandoned applications." Pet. App. 9a. Thus, as the court of appeals observed, in various provisions Congress has expressly identified "act[s] or fact[s]" as constituting a defense of noninfringment or invalidity. *See* Pet. App. 9a (citing 35 U.S.C. §§ 273, 185, 272). "This list goes on," the court noted. Pet. App. 9a. "[S]ections 133 and 371, relied upon by IGT, provide none of the signals that Congress has given in other circumstances to indicate that these sections provide a defense to an accused infringer." Pet. App. 9a. Rather, "these provisions merely spell out under what circumstances a patent application is deemed abandoned during prosecution and under what circumstances it may be revived." Pet. App. 9a-10a.

Moreover, "shall be regarded as abandoned" differs dramatically from "shall be invalid." If nothing else, Congress's clear indication of the consequences of noncompliance with other provisions, such as Section 185—the patent "shall be invalid"—and lack of such an indication in

Sections 371 and 133 must be presumed meaningful. *See Sosa v. Alvarez-Machain*, 542 U.S. 692, 712 n.9 (2004) (stating that there is a "usual rule that when the legislature uses certain language in one part of the statute and different language in another, the court assumes different meanings were intended" (internal quotations omitted)).

Indeed, perhaps the most telling example of Congress's careful delineation of "defenses" in the Patent Act is found in the penultimate sentence of Section 282, which provides that the failure of the PTO to comply with the statutory requirements for extending a patent term "shall be a defense" to patent infringement during the term of the extension. Congress could have, but chose not to, similarly make failure of the PTO to comply with statutory requirements for revival of a patent an express defense. The Federal Circuit correctly determined that alleged "improper revival" is not a defense under the Patent Act for purposes of Section 282(4).

C. Sections 371(d) and 133 Do Not Provide an Invalidity Defense

As noted above, IGT did not argue below that Sections 371(d) and 133 provide a defense *outside* of the context of Section 282(2) and 282(4). Nevertheless, IGT argues that under the reasoning of *Quantum Corp.*, 65 F.3d 1577, Sections 371(d) and 133 should provide such a defense.

In *Quantum*, the Federal Circuit held "a patentee who improperly enlarged the scope of its claims during reexamination, in violation of 35 U.S.C. § 305, subjected himself to a defense of invalidity, because any other result would render the prohibition against broadening claims in section 305 meaningless." Pet. App. 12a (brackets and internal quotation marks omitted). *Quantum* guards against broadening the scope of the claims—the heart of the metes and bounds of the invention—rather than an ancillary procedural matter, a delay in paying the fee. The Federal Circuit explained that "none of the considerations that led us to the rule enunciated in *Quantum* compels a similar result here." Pet. App. 13a.

The Federal Circuit found the noncompliance concerns underlying claim broadening during reexamination to be absent in the context of abandonment for failure to timely pay a fee. Pet. App. 13a. The fact that a patentee abandoned an application—which, as here, the PTO later revived—has no impact on the scope of its exclusive rights. Pet. App. 13a. Assuming the revival involves no inequitable conduct, a patent that matures from an abandoned and revived application will suffer from a shorter lifespan, not enjoy a broadened scope. Pet. App. 13a.

More importantly, *Quantum* offers no refuge to IGT because *Quantum* itself conflicts with the principle that "Congress, not the courts, must define the limits of patentability." *J.E.M. Ag Supply, Inc. v. Pioneer Hi-Bred Int'l, Inc.*, 534 U.S.

124, 130 (2001). In Section 282, Congress declared that patents issued by the PTO are presumptively valid, and then identified exactly four categories of defenses to presumptively valid patents:

> The following shall be defenses in any action involving the validity or infringement of a patent and shall be pleaded:
>
> (1) Noninfringement, absence of liability for infringement or unenforceability,
>
> (2) Invalidity of the patent or any claim in suit on any ground specified in part II of this title as a condition for patentability,
>
> (3) Invalidity of the patent or any claim in suit for failure to comply with any requirement of sections 112 or 251 of this title,
>
> (4) Any other fact or act made a defense by this title.

35 U.S.C. § 282. As failure to comply with Sections 371(d) and 133 are not identified by subsections (1), (2), and (3) as grounds for asserting a defense to infringement, and as failure to comply with Sections 371(d) and 133 is "not made a defense by this title," no court has authority to create such a defense based on the policy considerations advanced by IGT.

III. IGT'S AND *AMICI'S* POLICY CONCERNS ARE MISPLACED

IGT and *amici* exaggerate the import and consequences of the decision below. Contrary to their assertions, the decision below, which involves an issue that only infrequently surfaces in patent litigation, will not burden the public, encourage the intentional abandonment of patent applications, or defeat other provisions of the Patent Act.

A. Purported "Improper Revival" Is Not a Frequently Recurring Issue in Patent Litigation and Has Not Burdened the Public

In the quarter-century since Congress's amendment to 35 U.S.C. 41(a)(7), the PTO has revived approximately 73,000 lapsed patent applications based on a legal standard of "unintentional delay," and of these approximately 56% have ultimately issued as patents. PTO *Amicus Curiae* C.A. Br. 2. If this long-standing state of affairs in patent law is the crisis that IGT and *amici* claim, it is most odd that this crisis has escaped the attention of Congress, the PTO, the Federal Circuit, and other defendants charged with infringement of patents revived under the "unintentional delay" standard.

Indeed, IGT and *amici* cite only one other case in which it was asserted that the PTO could not revive a patent application on the basis of the "unintentional delay" standard: *N.Y. Univ. v.*

Autodesk, Inc., 466 F. Supp. 2d 563 (S.D.N.Y. 2006).[5] To Aristocrat's knowledge, this case and *Autodesk* are the only two cases (reported or otherwise) where a defendant has asserted an "improper revival" defense grounded on the argument that the PTO may not revive a patent application on the basis of the standard of "unintentional delay."[6]

Given that the PTO has revived patent applications on the basis of the "unintentional delay" standard for over twenty-five years, it is impossible to take seriously IGT's assertion that this legal standard will "reduce the efficiency of the PTO's operations." And as the PTO's regulation (37 C.F.R. § 1.317(b)) establishing the "unintentional

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[5] *Amici* also cite *Lawman Armor Corp. v. Simon*, No. 04-CV-72260, 2005 WL 1176973, at *6 (E.D. Mich. Mar. 29, 2005), and *Field Hybrids, LLC v. Toyota Motor Corp.*, No. CIV. 03-4121, 2005 WL 189710, at *5 (D. Minn. Jan. 27, 2005). In neither of these cases was the statutory standard for revival at issue. Instead, in both cases the patent infringement defendant asserted that the PTO's revival of the patent in suit was erroneous under the "unintentional delay" standard because the delay was, in fact, intentional.

[6] *Amici* claim that they "have been the targets of infringement litigation by parties who take advantage of the PTO's practice (held unlawful by the district court below) of reviving abandoned applications merely upon a declaration of 'unintentional' delay." *Amicus* Br. 17. *Amici* offer no explanation, however, as to why they never asserted that revival based on the standard of "unintentional delay" is improper, or why the doctrine "inequitable conduct" is unavailing in cases where patent applicants mislead the PTO into reviving intentionally abandoned applications.

delay" standard is presumptively valid, it strains credulity for IGT to assert that competitors may reasonably assume that only the "unavoidable delay" standard applies and "that a failure to timely pay the required fee has resulted in an abandoned application that is unlikely to be revived." Pet. 16.

B. The Federal Circuit Decision Will Not Encourage Intentional Abandonment of Patent Applications

IGT and *amici* assert that the decision below will encourage *intentional* abandonment of patent applications. Pet. 16; *Amicus* Br. 14. Patent applicants would do so at their own peril, because the PTO can and does scrutinize revival petitions. Although the PTO relies "upon the applicant's duty of candor and good faith" in submitting its petition, it "reserve[s] the authority to require further information concerning the cause of the abandonment and delay in filing a petition to revive." M.P.E.P. § 711.03(c)(C), at 700-191 (8th ed., 6th rev., Sept. 2007). Thus, the PTO will reject an application if the applicant cannot prove that the abandonment was unintentional. *Id.* § 711.03(c)(C), at 700-192. On numerous occasions, the PTO has denied applicants' petitions to revive applications for unintentional delay. *See, e.g., In re Application of Wodarz*, App. No. 09/414,630, 2006 Commr. Pat. LEXIS 24 (Comm'r Pat. & Trademarks Oct. 27, 2006); *In re Application of Mark V. Dahl*, App. No. 10/046,427, 2006 Commr.

Pat. LEXIS 21 (Comm'r Pat. & Trademarks May 18, 2006); *In re Application of Welchselbaum, Kufe*, App. No. 09/545,071, 2006 Commr. Pat. LEXIS 22 (Comm'r Pat. & Trademarks May 3, 2006); *In re Application of Honegger*, App. No. 09/235,374, 2006 Commr. Pat. LEXIS 18 (Comm'r Pat. & Trademarks Mar. 20, 2006); *In re Reissue Application No. 09/442,083*, 2006 Commr. Pat. LEXIS 23 (Comm'r Pat. & Trademarks Feb. 10, 2006); *Sehgal v. Revel*, 78 U.S.P.Q.2d 1954, 2005 WL 3121467 (Bd. Pat. App. & Interf. 2005).

Moreover, even if a petitioner succeeds in persuading the PTO that its intentionally abandoned application was unintentionally abandoned, such misrepresentations to the PTO would amount to inequitable conduct and could be asserted as an equitable defense in any infringement action later brought on the patent, as the Federal Circuit recognized. Pet App. 11a. Thus, *amici*'s assertion (*Amicus* Br. 6, 10) that the Federal Circuit decision allows deliberately abandoned patent applications to be enforced is wrong.

C. The Ruling Below Does Not Undermine Other Patent Act Provisions or Defeat the Purpose of the Patent Act

IGT asserts that the decision below undermines other important Patent Act provisions, and more broadly defeats the purpose of the Patent Act. All of these assertions miss the mark.

IGT speculates that the "expiration of a patent will be not be an available defense in an infringement suit." Pet. 17. But an "expired" patent differs critically from a "revived" patent. The owner of an expired patent has no patent in force to litigate against post-expiration infringements and therefore has no cause of action. By contrast, a patent issued by the PTO on the basis of a revived application is presumptively valid.

IGT asserts that a patent that "mistakenly" issues from an abandoned provisional patent application may be enforced. Pet. 17-18. This highly-contrived Section 115(b)(5) hypothetical scenario assumes that the PTO would revive such an abandoned provisional patent application, notwithstanding Section 115(b)(5)'s express prohibition of such a revival. The PTO's regulations do not provide for such revival, and we are unaware of *any* such "mistaken" revivals of abandoned provisional patent applications. In any event, any deliberate gamesmanship by the applicant in the conversion of an application from

provisional to nonprovisional status may still be addressed in the inequitable conduct framework.

IGT also posits a hypothetical involving an applicant who had requested that its application not be published under Section 122(B)(i), yet continues prosecution after failing to notify the PTO of a foreign filing. As the M.P.E.P. notes: "Any applicant or applicant's representative who makes a false statement (*e.g.*, an improper certification) may be in violation of 37 CFR 10.18(b)." M.P.E.P. § 1122, at 1100-17 (8th ed., 5th rev., Aug. 2006). As with any prosecution irregularity involving the failure to disclose material information to the PTO, there is no reason why such facts cannot be addressed in the context of inequitable conduct.

IGT further asserts that the Federal Circuit's decision will undermine non-statutory double patenting as a viable defense. Pet. 18. But double patenting has roots in Section 101's prohibition against obtaining more than one patent on the same invention. *See, e.g., Ortho Pharm. Corp. v. Smith*, 959 F.2d 936, 940 (Fed. Cir. 1992). Obviousness-type double patenting—a judicially-created doctrine—extends that prohibition to preclude a second patent on an invention that "would have been obvious from the subject matter of the claims in the first patent, in light of the prior art." *Id.* Obviousness-type double patenting originates in a "condition of patentability" and implicates the claimed subject matter. As such, it

is neither comparable to "improper revival" nor affected by the Federal Circuit's decision.

Finally, IGT asserts that "invalid patents" impose costs on innovation and the patent system. Pet. 18-21. Indeed they do. As the Federal Circuit determined, however, purportedly improperly revived patents are not *invalid*, because Congress has in Section 282 expressly identified the circumstances in which presumptively valid patents may be declared invalid in infringement litigation. Purportedly "improper revival" is not such a circumstance. Moreover, as the PTO explained in the court of appeals, revivals according to a standard of "unintentional delay" are not improper; such revivals were expressly authorized by Congress in 35 U.S.C. § 41(a)(7), and the PTO has employed that standard for the last quarter century in 37 C.F.R. § 1.317(b).

CONCLUSION

For the foregoing reasons, the petition for writ of certiorari should be denied.

May 15, 2009

Respectfully submitted,

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APPENDIX

APPENDIX A

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

No. 2006-1016

Aristocrat Technologies Australia Pty Limited and Aristocrat Technologies, Inc.

v.

International Game Technology and IGT

BRIEF OF DEFENDANTS-APPELLEES INTERNATIONAL GAME TECHNOLOGY AND IGT

Filed February 15, 2008,

[EXCERPT pages 27-30]

1. The PTO's revival decisions are not exempt from judicial review.

In its district court briefing, Aristocrat argued that improper revival of an abandoned patent application is not subject to judicial review. JA18; JA628-29. However, at oral argument on IGT's summary judgment motion, Aristocrat waived that argument by acknowledging that courts may review PTO decisions that "exceeded its authority." JA867.

Despite that admission, Aristocrat argues on appeal that the district court lacked authority

under the Administrative Procedure Act ("APA") to address the PTO's revival of the '215 application. Yet, the APA expressly empowers the district courts to "set aside agency action" that is "in excess of statutory jurisdiction, authority, or limitations, or short of statutory right" or that is "arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with the law." 5 U.S.C. § 706. Those standards apply precisely to the question confronting the district court — whether a federal agency exceeded its statutory authority and abused its discretion by improperly reviving an abandoned patent application.

Indeed, this Court held in *Morganroth v. Quigg*, 885 F.2d 843, 845-46 (Fed. Cir. 1989), that the PTO's *denial* of a petition to revive a patent application is "subject to review in the district court" under the APA's "contrary to law" standard; see also *Ray*, 55 F.3d at 608. And the district courts consistently have held that the PTO's *grants* of such petitions are subject to review under the APA. *E.g.*, *Autodesk*, 466 F. Supp. 2d at 564-65; *Arrow Int'l v. Spire Biomedical, Inc.*, 443 F. Supp. 2d 182, 185 (D. Mass. 2006); *Lawman Armor Corp. v. Simon*, 2005 WL 1176973, at *3 (E.D. Mich. 2005), appeal dismissed, 172 F. App'x 319 (Fed. Cir. 2006); *Field Hybrids*, 2005 WL 189710, at *6-8.

Aristocrat complains that IGT should have "pleaded an APA claim" and named the government as a defendant, and that IGT raised the APA issue "too late" by first addressing it in its district court reply brief. Blue Br. 23. In fact, IGT does not have an "APA claim"; it simply maintains

that, as the courts cited above have held, the APA authorizes district courts to review the PTO's rulings on petitions to revive abandoned patent applications. None of those cases requires that the government be named as a defendant in subsequent patent infringement litigation. See also *Ragsdale v. Wolverine World Wide, Inc.*, 535 U.S. 81, 86 (2002) (holding in case between private parties that "[a] regulation cannot stand if it is 'arbitrary, capricious, or manifestly contrary to the statute'"). It would unduly burden the PTO if it had to be named a party to every patent infringement suit raising validity issues. IGT first invoked the APA in its reply brief because it had no reason to do so until Aristocrat argued in its response brief that PTO revival decisions are exempt from judicial review. The APA simply provides additional support for the authority given courts by Section 282 to hold patents invalid for improper revival of abandoned applications.

In sum, Aristocrat's view that improper revival is not a defense to patent validity in infringement actions is wrong and would effectively abrogate established limits on agency action. Aristocrat's efforts to block judicial review can only be explained by its fear of a judicial ruling that the PTO lacked statutory authority to revive the '215 application other than for "unavoidable" delay.